



The City of Calgary

2013 Audit Service Plan



For the year ending December 31, 2013
Presented to the Audit Committee
December 12, 2013



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December 4, 2013

To the Members of the Audit Committee of the City Council of The City of Calgary

Dear Audit Committee Members:

Audit service plan for the year ending December 31, 2013

It is a distinct privilege and honour to serve as the external auditor of The City of Calgary (“The City”) for our second term and we thank you for your confidence in our firm and our team. We know you have high expectations of us and we are committed to ensuring we meet your expectations. We have enjoyed an exceptional professional relationship with The City as the external auditor and we will continue to dedicate our strongest resources to meet and exceed The City’s expectations.

We are pleased to present our audit service plan for The City of Calgary (“The City”) for the year ending December 31, 2013. This plan describes the Deloitte LLP (“Deloitte”) audit plan. It also describes how our team will seek to create value for your organization and includes a listing of services for which we are requesting the approval of the Audit Committee (the “Audit Committee”).

Our engagement will include:

- an audit of The City’s consolidated financial statements (the “Financial Statements”) as at and for the year ending December 31, 2013 prepared in accordance with Public Sector Accounting Standards (“PSAS”) and conducted in accordance with Canadian Generally Accepted Auditing Standards (“Canadian GAAS”);
- an audit of The City of Calgary’s Municipal Information Return for the year ending December 31, 2013;
- an audit of the Funds Held in Trust by The City of Calgary for the year ending December 31, 2013; and
- an audit of The City of Calgary newspaper insert for the year ending December 31, 2013 (summarization of The City’s 2013 financial information).

We are proud of our relationship with The City. Our objective at Deloitte is to set the standard of excellence and our team is committed to providing an efficient, high-quality audit. We recognize and are sensitive to your expectations regarding cost management and quality. We will focus our efforts on higher risk areas and coordinate our activities with Administration and make every effort to achieve audit efficiencies.

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We are providing this audit service plan to the Audit Committee on a confidential basis. It is intended solely for the use of the Audit Committee to assist them in discharging their responsibilities with respect to the Financial Statements and is not intended for any other purpose. Accordingly, we disclaim any responsibility to any other party who may rely on it.

We look forward to discussing our audit service plan with you and answering any questions you may have.

Yours truly,

A handwritten signature in cursive script that reads "Deloitte LLP".

Deloitte LLP
Chartered Accountants

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Executive summary

As your auditor, Deloitte will provide you with more than an opinion on your Financial Statements. We will be diligent about our independence and exercise our professional responsibilities in an efficient and effective manner.

The Deloitte audit approach adheres to applicable professional auditing standards and, is risk-based and tailored to address the risks to financial reporting – the audit risks. Our audit approach involves consideration of the following:

Audit service plan – Key elements

Audit scope	The audit planning and the preliminary risk assessment activities we conduct enable us to set the scope of our audit and to design procedures tailored to that scope.
Materiality	<p>Materiality is the magnitude of misstatements, including omissions, in the Financial Statements that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the financial statement users. Judgments about materiality are made in the light of surrounding circumstances, and are affected by our perception of the information needs of the financial statement users, and by the size or nature of a misstatement, or a combination of both. We are responsible for providing reasonable assurance that your Financial Statements as a whole are free from material misstatement.</p> <p>Materiality levels are determined on professional judgment and on the basis of consolidated operating expenses. Our preliminary estimate of materiality for the year ending December 31, 2013 is \$44,000,000 (2012 - \$42,000,000). Preliminary materiality has been calculated based on forecasted operating expenses for the 12 months ending December 31, 2013.</p> <p>We will report to the Audit Committee all uncorrected misstatements greater than a clearly trivial amount of \$2,200,000 (2012 - \$2,100,000) and any misstatements that are, in our judgment, qualitatively material. In accordance with Canadian GAAS, we will request that misstatements, if any, be corrected.</p>
Audit risks	<p>Our audit scope reflects the risks that we have identified and our planned audit response to them.</p> <p>These significant areas of risk, together with our planned audit response, are set out in the body of this report.</p>
Internal control matters	<p>We will obtain an understanding of internal control relevant to the audit. Although most controls relevant to the audit are likely to relate to financial reporting, not all such controls are relevant to the audit. It is a matter of professional judgment whether a control, individually or in combination with others, is relevant to the audit.</p> <p>We will communicate in writing significant deficiencies in internal control identified during the audit to the Audit Committee on a timely basis.</p>

Group audit	<p>When designing our audit strategy, we also considered:</p> <ul style="list-style-type: none"> • the financial significance or relative importance of subsidiaries and business units to your organization as a whole; • the complexity and nature of the operations, internal controls and accounting issues at subsidiaries and business units; • the degree of decentralization of processes and controls including the extent of relevant enterprise-level controls; and • the extent and nature of internal control deficiencies and financial statement misstatements identified in current and previous periods at subsidiaries and business units.
Use of the work of experts and reliance on service organizations	<p>Our audit engagement partners are supported with online resources as well as practice office and national office experts who assist them with more complex technical, accounting, auditing and reporting issues.</p> <p>The City employs the following third party service organization that impacts their financial reporting information:</p> <ul style="list-style-type: none"> • AON Hewitt - valuation of The City's pension liability <p>We intend to rely on the reports issued by this third party service organization's external auditor.</p> <p>As part of our assessment, we will consider The City's internal controls related to the information provided by this organization.</p> <p>If our assessment of those reports does not provide us with sufficient appropriate audit evidence, we will be required to perform additional audit procedures to address the risks of material misstatements in the Financial Statements.</p>
Audit team	<p>The engagement team that will serve The City provides a balance of continuity among existing members with knowledge of and experience with your organization and new members who will provide fresh perspectives and insights.</p> <p>The key audit team members serving The City are set out later in this document.</p> <p>Our team also includes high-quality technical specialists and other professionals. We are committed to continuing to serve The City with quality and distinction.</p>
Engagement letter	<p>The terms and conditions of our engagement are included in the engagement letter, which is to be signed on behalf of City Council, which will be sent separately to the Audit Committee Chair and Chief Financial Officer.</p>
Complete engagement reporting	<p>Upon the satisfactory completion of our audit, we will provide you with an audit report on your Financial Statements.</p> <p>We will also provide reports to the Audit Committee to assist it in fulfilling its responsibilities, as required by applicable auditing standards. Appendix 3 summarizes the required communications between Deloitte and the Audit Committee.</p>
Other matters	
Audit fees	<p>We propose audit fees of \$240,000 (2012 - \$230,800). An analysis of these fees is included in our detailed audit plan.</p> <p>Additional work related to the audit of flood related financial reporting matters and the adoption of new accounting standards (PS 3410 – Government Transfers and PS 3510 – Tax Revenue) for fiscal 2013 will result in additional fees. The additional fees are estimated to be \$40,000 and subject to finalization at the completion of the audit. We will work with Administration to keep our time and costs to a minimum to satisfy our professional audit requirements for matters that will be necessary to address, particularly in relation to tangible capital asset impairments, accounting for insurance proceeds and government funding in connection with the flood.</p> <p>Furthermore, estimated additional audit fees of \$16,000 will be incurred to test the PeopleSoft upgrade that was implemented during the current fiscal year.</p> <p>Our objective is to conduct an efficient audit in accordance with Canadian GAAS. The time we have estimated for our audit assumes an optimum level of assistance from The City staff and our commitment to fulfill our professional responsibilities and duties in an efficient manner. We have carefully considered all elements included within our audit plan and confirm that, in our judgment, all such procedures are appropriate and in line with Canadian GAAS.</p>

Independence	<p>We have developed important safeguards and procedures to protect our independence and objectivity.</p> <p>We are independent of The City and we will reconfirm our independence in our final report to the Audit Committee.</p>
Administration representations	<p>We will obtain written and oral representations from Administration to complement our audit procedures. These representations are intended to confirm the information that is provided to us and reduce the possibility of misunderstanding.</p> <p>We will provide the Audit Committee with a copy of the written representations to be provided by Administration in our final report.</p>
New financial reporting standards	<p>We have included, in Appendix 5, the Deloitte Standard-setting Activities Digest, which summarizes the standards (both finalized and in development) that we believe are particularly relevant to The City.</p> <p>Significant new financial reporting standards and other regulatory requirements as discussed in Appendix 5 that are likely to impact The City's financial reporting for the current and future audits are:</p> <p>Public sector accounting standards</p> <ul style="list-style-type: none"> • Section PS 1201, <i>Financial Statement Presentation</i>; • Section PS 2125, <i>First-time Adoption of Public Sector Accounting Standards by Government Organizations</i>; • Section PS 2601, <i>Foreign Currency Translation</i>; • Section PS 3260, <i>Liability for Contaminated Sites</i>; • Section PS 3410 (Revised), <i>Government Transfers*</i>; • Section PS 3450, <i>Financial Instruments</i>; • Section PS 3510, <i>Tax Revenue*</i>; • Section PS 3800, <i>Government Assistance</i>; • Section PS 4200 – PS 4270, <i>Government Not-for-profit Organizations</i>; and • Amendments to the Transition Provisions of Section PS 2601, <i>Foreign Currency Translation</i>, and Section PS 3450, <i>Financial Instruments</i>. <p><i>* These standards are applicable for the 2013 fiscal year</i></p>
Client service commitment	<p>Deloitte's client service principles are designed to help us exceed the expectations of Administration and the Audit Committee. These principles are our framework for providing guidance to members of our engagement team and identifying our clients' unique preferences regarding the ways they want to work with us. Our client service commitments to serve The City are presented later in this report.</p> <p>We have also provided Administration and the Audit Committee with access, through a specially designed portal, to Deloitte's knowledge and other value-added resources. Our resources, designed to provide you with valuable insights and support an efficient audit are presented in Appendix 4.</p> <p>We are prepared to provide other assistance regarding The City's needs that may be required, if appropriate given our professional responsibilities.</p>

Audit scope

Designed to obtain reasonable assurance and address the risks of material misstatements.

An audit is designed to search for potential misstatements that, individually or collectively, are material. This is done by determining a specific threshold for each engagement and considering other qualitative factors. The threshold amount is also used to evaluate the significance of uncorrected misstatements.

Compliance with PSAS

The audit enables us to express an opinion on whether the Financial Statements are prepared, in all material respects, in accordance with PSAS. The audit also includes evaluating the appropriateness of accounting policies and the reasonableness of accounting estimates made by Administration, and evaluating the overall presentation of the Financial Statements. Our report on the Financial Statements and communications required by Canadian GAAS will be in accordance with our findings.

Materiality

Our overall materiality level is used in our assessment of significant accounts and locations where audit effort is necessary and is based on the consolidated operating expenses for The City. Our materiality for planning and determining the audit scope for 2013 has been initially set at \$44,000,000 (2012 - \$42,000,000). We will design our work so as to consider material items appropriately and to detect potential adjustments that, individually or in combination with others, would be material to the Financial Statements. In accordance with Canadian GAAS, we will request the correction of any misstatements.

If the amount of uncorrected misstatements detected when conducting our audit exceeds that which we anticipated when we planned the audit, we may need to revise the scope of our audit. Should such a situation arise, we will discuss the matter with Administration on a timely basis in order to agree upon the appropriate course of action.

Risk assessment

We compile information from a variety of sources, including discussions with Administration and the Audit Committee, to identify risks to The City's financial reporting process that may require attention. Our preliminary risk assessment took into account:

- key business developments and transactions (internal and external);
- current business, regulatory and accounting pronouncements and developments;
- key Administration strategies and business plans;
- prior years' audit results; and
- areas of significant judgment and risk.

Our audit planning activities and our preliminary identification of audit risks enables us to set the scope of our audit and to design audit procedures tailored to the identified risks to financial reporting. The table below sets out the more significant risks to financial reporting that we have identified, with Administration's support, during our preliminary planning activities. The table also

The results of our audit planning and risk assessment drive the scope and timing of the auditing procedures.

includes our proposed response to each risk. Our planned audit response is based on our assessment of the likelihood of a risk's occurrence, the significance should a misstatement occur, our determination of materiality and our prior knowledge of The City.

Significant areas of audit risk	Our proposed audit response
<p>2013 Flood</p> <p>Tangible capital asset ("TCA") impairments, capitalization versus expenditure of repairs</p> <p>Recognition of revenue - insurance proceeds and government funding</p>	<p>The 2013 flood impacted the TCA of The City. There was significant damage to various City owned assets which has resulted in an impairment of their value on the financial statements.</p> <p>We will review the write down of these assets to test that the write downs are complete and appropriate.</p> <p>We will also review a sample of expenditures relating to the repair of assets to verify whether these expenditures have been appropriately capitalized or expensed.</p> <p>Finally, we will review the revenue recognition of insurance proceeds and government funding to verify that revenue has been recorded in the correct period.</p>
<p>Revenue recognition and Administration override of controls</p>	<p>Professional auditing standards require us to presume revenue recognition and Administration override of controls to be risks of material misstatement due to fraud.</p> <p>There is a risk that revenue may be misstated or that Administration has the ability to override controls.</p> <p>We will make selections and perform audit procedures to verify that the recognition of revenue is based on PSAS guidance.</p> <p>To test the risk of Administration override of controls, we will complete journal entry testing to test the appropriateness of journal entries. We will test Administration estimates as well as any unusual or significant transactions. In addition, we will complete testing of internal controls relating to various financial statement line items.</p>
Significant areas of audit focus	Our proposed audit response
<p>Completeness and accuracy of tangible capital assets ("TCA")</p>	<p>We will audit The City's TCA additions, disposals and amortization along with related disclosures. Our testing will include, on a sample basis, reviewing amounts included in the current year transactions to ensure only amounts that meet the definition of capital are included and are appropriately valued.</p> <p>We will also review a sample of items recorded as repairs and maintenance to ensure these amounts are appropriately expensed.</p> <p>We will assess impairment indicators of tangible capital assets and will consider the need and amount of potential write downs.</p> <p>Given the nature of the TCAs held by The City, there is a risk for misclassification of the respective TCAs. As a result, we will perform increased substantive testing of the financial statement disclosures.</p>
<p>Valuation of environmental liabilities and asset retirement obligations, including accrual of post closure landfill liabilities and clean-up costs of contaminated properties</p>	<p>We will review The City's estimates of post closure landfill liabilities.</p> <p>We will review Council minutes and legal confirmations, hold discussions with Administration and rely on our knowledge of your business to identify other environmental liabilities.</p> <p>We will review Administration's estimates and assumptions for reasonability and perform tests of details on the transactions during the year.</p> <p>We will require representations to be signed by Administration that all environmental liabilities and clean-up costs are complete and appropriately disclosed.</p>

<p>Disclosure of liabilities and commitments under funding contracts provided by The City</p>	<p>We will review Administration's assessment of liabilities and commitments required to be recorded or disclosed under agreements entered into during the year.</p> <p>We will review a sample of funding contracts entered into during the year to assess Administration's treatment and appropriate recording of these transactions.</p> <p>We will also assess the completeness of the balances via a review of council minutes and performing a search for unrecorded liabilities as well as a review of prior year estimates.</p>
<p>Accounting of capital deposits and recognition of deferred revenue</p>	<p>We will select a sample of capital projects in progress over the year and ensure costs and related revenues are recorded in the correct period.</p>
<p>Accounting for organizations included in the government reporting entity (related authorities or subsidiaries)</p>	<p>We will review The City's accounting policies and any changes therein related to its subsidiaries.</p> <p>We will verify that the subsidiaries have been accounted for and disclosed in accordance with The City's accounting policies and PSAS and perform separate audits of significant subsidiaries.</p>
<p>Claims and litigation matters of The City and its related authorities</p>	<p>We will enquire with The City's legal department and City Solicitor to determine the status of outstanding legal matters.</p> <p>We will review legal correspondence from the City Solicitor and discuss the status of outstanding legal matters with Administration and others, as necessary.</p> <p>We will then work with Administration to assess the appropriateness of any contingent liabilities and financial statement disclosures.</p>
<p>Accounting for, and disclosure requirements of government grants and transfers</p>	<p>We will review a sample of funding agreements to determine if the contract requires financial statement disclosure.</p> <p>We will review a sample of federal and provincial transfer payments received during the year to fund specific projects.</p> <p>We will review the related funding agreements to ensure funds are used for their intended purpose and that revenue is recognized in the appropriate period, including the deferred revenue.</p> <p>We will review deferred revenue for compliance with PSAS.</p> <p>We will test expenditures and ensure that the corresponding revenue has been recognized.</p> <p>We will review The City's adoption of section 3410 - <i>Government Transfers</i> to verify that government grants and transfers are appropriately recorded in accordance with the guidance in the new standard.</p>
<p>Accounting for tax revenue</p>	<p>We will perform reasonability tests on tax revenue balances.</p> <p>We will review and test the tax revenue business cycle process controls.</p> <p>We will complete data analytical testing on the property tax revenues for the year end.</p> <p>We will review The City's adoption of section 3510 - <i>Tax revenue</i> to ensure the requirements of this new standard have been appropriately implemented.</p>
<p>Recording and presentation of reserves</p>	<p>We will review expenditures charged to each reserve and vouch a sample of expenditures to invoices to verify that the transaction was within the terms and conditions approved by Council.</p> <p>We will also review the completeness and accuracy of the financial statement disclosures relating to reserves.</p>

Group audit considerations

Our engagement scope includes audits at the subsidiary level for the following entities, which are consolidated with The City:

- Calhome Properties;
- Calgary Municipal Land Corporation;
- Calgary TELUS Convention Center;
- Calgary Police Service;
- Calgary Public Library; and
- Calgary Parking Authority.

An audit is designed to search for potential misstatements that, individually or collectively, are material. Some of the factors we consider in determining the audit scope at the subsidiaries include:

- the existence of significant risks at the subsidiaries;
- a consideration of significant accounts and disclosures using materiality levels that are appropriate to support our audit opinion on your organization's Financial Statements;
- the complexity and nature of the operations, internal controls and accounting issues at the subsidiaries;
- the degree of decentralization of processes and controls, including the extent of relevant enterprise-level controls; and
- the extent and nature of internal control deficiencies and financial statement misstatements identified in current and previous periods at the subsidiaries.

Full-scope audits will be performed using individual materiality levels for each of the subsidiaries above, except for Attainable Homes for which we will perform specified procedures at the The City's materiality level.

Audit scope uncertainty

Our audit service plan is based on several assumptions. Circumstances may arise during the engagement that could significantly affect the scope and the extent and timing of our audit procedures. These circumstances may include, but are not limited to, the following:

- the quality of The City's accounting records deteriorates during the current year engagement compared to the prior-year engagement;
- significant deficiencies are identified in The City's internal control that result in the expansion of our audit procedures;
- a significant level of proposed audit adjustments is identified during our audit;
- significant new issues or changes arise, such as:
 - new accounting issues;
 - changes in accounting policies or practices from those used in prior years;
 - events or transactions not contemplated in our budgets;
 - changes in The City's financial reporting process or IT systems;
 - changes in The City's accounting personnel, their responsibilities, or their availability;
 - changes in auditing standards;
 - changes in The City's use of experts or the specialists and / or their work product does not meet the qualifications that Canadian GAAS requires for us to be able to use their work; and
 - adjustments, if any, relating to TCA or other account balances.
- changes in the audit scope caused by events that are beyond our control.

If any of these or similar such circumstances arise during the course of our audit we will discuss them on a timely basis with Administration and provide the Audit Committee with a report regarding the impact on our audit at its next scheduled meeting. Matters that we consider to be significant and that may be sensitive from a reporting timing perspective will be communicated immediately to the Chair of the Audit Committee.

Fees for the 2013 engagement

We focus our activities and make every effort to optimize the efficiency of our audit

We recognize and are sensitive to your concerns about managing costs. Therefore, we will maximize the efficiency of our audit by focusing on risk areas and coordinating our activities with Administration. Furthermore, our current audit plan builds upon the successes achieved in 2012.

We have challenged our professionals to identify engagement efficiencies and considered their suggestions when developing our audit plan.

The following fee estimate is preliminary and may be adjusted based on the final scope of our audit and our final determination of the audit procedures that we consider necessary to enable us to express an opinion on the financial statements. Our anticipated level of work and the associated fee estimate do not include the effect of any regulatory or other changes to existing auditing and accounting standards yet to be issued.

We will seek the Audit Committee's pre-approval before commencing the additional procedures arising from these unexpected changes.

The 2013 estimated fees are as follows:	Current year	Previous year
Audit fees		
• The City of Calgary consolidated financial statement audit	\$240,000	\$230,800
• Estimated additional fees related to 2013 flood and implementation of new accounting standards	\$40,000*	-
• Municipal Information Return	\$4,100	\$4,100
• Funds Held in Trust Audit	\$1,500	\$1,500
• Newspaper insert (summarization of The City's 2013 financial information)	Included in the City of Calgary Audit fee	Included in the City of Calgary Audit fee
• PeopleSoft upgrade	\$16,000	-
• Additional audits as requested by Administration and Audit Committee up to approval limit	\$25,000	\$25,000
Total	\$326,600	\$261,400

* The additional fees are subject to finalization at the completion of the audit.

Experienced audit team

Our audit team members have been chosen for their experience and expertise. Trevor Nakka and/or Harman Gill will attend all Audit Committee meetings and will be accompanied by one or more additional engagement team members, depending on the meeting agenda.

The key members of the 2013 core audit engagement team are listed in the table below:



2013 Summary audit timeline

This calendar indicates our various procedures and meetings as planned throughout the year:

Procedures:	October	November	December	January	February	March	April	May	June
Audit planning including scope, risks of fraud, and fees	●	●							
Audit procedures performed on areas of risks, areas of focus and significant and complex transactions		●	●		●	●			
Interim audit procedures related to the financial statements		●							
Final audit procedures related to the financial statements					●	●	●		
Discuss audit planning, scope, risks of fraud and fees			●						
Communicate the status of our audit against our plan and any major difficulties encountered							●		
Review the results of our audit and provide audit report							●		
Review of the annual report to citizens							●		
Release of audit report							●		
Present 2013 year-end audit management letter									●

The Deloitte Client Service Commitment

Seamless and effective delivery focused on your specific needs

The City is important to Deloitte. Your organization is unique and it deserves a customized approach to the services we provide. Our service plan is built on a tailored set of service commitments that guide the delivery of every aspect of our audit services. Our client service assessment, which is central to our philosophy, emphasizes the importance of listening to your expectations, reassessing your needs based on the feedback you provide to us in the assessment process, and responding with actions and results. We strive to continually raise the bar by improving processes and adding value while delivering an effective and efficient audit.

Our approach to client service excellence

At Deloitte, our objective is to execute our audit in a way that meets our professional standards and also creates a positive client experience.

Our client service principles provide the framework for guiding and coaching members of our engagement team, and identifying our clients' unique preferences regarding the ways they want to work with us. These principles enable our engagement teams to focus on client service excellence.

Our client service principles

We will:

- ✔ **make** and meet our commitments to you by...
 - working with you to clearly define your expectations
 - delivering what is agreed upon
 - being easily accessible to you
 - providing valuable responses to all your inquiries
 - ensuring timeliness and accuracy in our billings

- ✔ **understand** your business and what is important to you by...
 - anticipating your needs
 - understanding the unique characteristics of your business industry and operating circumstances

- **provide** value and build trust through technical competence and consistent results by...
 - instilling confidence and trust in the quality of our work
 - providing you with up-to-date professional expertise
 - providing value to your enterprise
 - providing insights into the condition of the business and meaningful suggestions for improvement

- **demonstrate** professionalism through effective interaction and communications by...
 - keeping you informed of project status
 - performing as a well organized team
 - working collaboratively with you

- provide a **no surprises** experience by...
 - proactively addressing issues
 - providing timely communication of changes to fees
 - effectively managing changes to the service team

Deloitte Portal

We strive to exceed your expectations and to leverage Deloitte resources to help you achieve your objectives

The Deloitte Portal provides our clients and others with fast, direct access to Deloitte knowledge, tools, specialized sites, e-newsletters, webcasts and other external resources in four main areas:

- financial information;
- corporate governance;
- learning resources; and
- periodicals.

It has been our experience that The City's Administration proactively communicates with us concerning critical issues related to the audit and other matters. We have noted that Administration takes its financial reporting responsibilities seriously. Our audit plan takes into account Administration's role in effectively monitoring changes in the business, changes in accounting and financial statement requirements, and other needs as they arise.

Access to the tools available through the Deloitte Portal, such as the financial reporting disclosure checklists and the accounting standards setting activities digests, facilitates the efficient and accurate preparation of financial statements. This helps avoid the need for costly, disruptive corrections resulting from audit findings and enables our audit professionals to focus on the required testing. Through the Deloitte Portal, you will also receive timely communication of needed information and quick access to a wide variety of resources to help your organization accomplish a variety of other tasks in addition to those related to your financial reporting.

Appendix 4 presents an illustrative list of the Deloitte Portal materials most frequently accessed. The top sites visited include those shown below:



Deloitte Learning Academy helps you keep up to date with the financial reporting knowledge and tools you need.



Deloitte Updates are informative, interactive webcasts conducted by Deloitte professionals to provide executives with new information and discussions about financial reporting and regulatory developments.



Deloitte's **Directors' Series** events are live satellite broadcasts to locations across the country to help Canadian corporate directors keep up with their learning requirements in a time of frequent change and new demands.



Centre for Corporate Governance is a web site specifically designed to help directors with their responsibilities.

Access to the Deloitte Portal is literally "a click away" using the following link www.deloitte.com/ca/portal.

Appendix 1 – The Deloitte risk-based audit approach

A consistent approach that supports a dynamic environment

Deloitte’s audit approach is a systematic methodology that enables us to tailor our audit scope and plan to address the unique issues facing The City. Our risk-based audit approach is:

Partner-led	driven by our partners’ experience and their detailed knowledge of your organization, with significant partner input at all stages of the audit
Focused	by identifying and designing appropriate audit procedures that focus on risks to the audit process for significant accounts, transactions and disclosures as well as material misstatements to the financial statements
Quality focused	with a commitment to providing an uncompromisingly high level of professional and technical quality
Dynamic	tailored to respond to changing circumstances

There are four key phases within our systematic approach:

1	initial planning
2	assessing and responding to risk of material misstatement
3	developing and executing the audit plan
4	reporting and assessing performance

These steps are not necessarily sequential nor are they mutually exclusive. For example, once we’ve developed our audit plan and the audit is being performed, we may become aware of a risk that was not identified during the planning phase. Based on that new information, we would reassess our planning activities and adjust the audit plan accordingly.

1. Initial planning

The Deloitte audit approach begins with an extensive planning process that includes:

- assessing your current business and operating conditions;
- understanding the composition and structure of your business and organization;
- understanding your accounting processes and internal controls;
- understanding your information technology systems;

The Deloitte audit difference

Heightened attention to the effectiveness of our procedures yields improved efficiency of the overall audit.

A better audit planning process features increased partner and manager involvement in risk assessment and the pinpointed identification of the underlying risk of material misstatement for significant account balances and disclosures.

Improved design of control and substantive tests provides:

Tailored procedures

Better linkage between identified risks of material misstatement, controls that respond to the risks, and substantive testing.

Focus on risks and the elimination of testing that offers little additional audit assurance.

Development of a sampling methodology that is risk-based and easy to implement enables us to perform appropriate, but not excessive, audit procedures.

Increased on-the-job training enhances our professionals’ understanding of the objectives of specific audit tests and their ability to make well-reasoned professional judgments.

- identifying potential engagement risks;
- planning the scope and timing of internal control and substantive testing that take into account the specific identified engagement risks;
- coordinating our activities with the City Auditor; and
- coordinating our activities with external parties and experts.

Understanding your business and accounting processes

Our audit will take into account specific items of particular interest raised by the Audit Committee as well as areas of concern identified by the Audit Committee or Administration.

We are keenly aware that continuity of engagement personnel is key to an efficient audit relationship and we are committed to providing a stable engagement team to the extent possible. The lead client service partner, Trevor Nakka, will work closely with the team to ensure we are focused on your business strategy in order to effectively perform the audit of the financial statements. Our knowledge of The City's business and industry has allowed us to develop a tailored audit plan that appropriately addresses the organizational, internal control, industry, accounting and financial reporting risks of The City.

Our audit will take into account specific items of particular interest raised by the Audit Committee as well as areas of concern identified by the Audit Committee or Administration.

2. Assessing and responding to engagement risk

Our audit approach combines an ongoing identification of risks with the flexibility to adjust our approach when additional risks are identified. Since these risks may impact our audit objectives, we consider materiality in our planning to focus on those risks that could be significant to your financial reporting.

Risk assessment

The risks that we have identified to date, and which will be addressed when conducting the audit, are summarized in the Audit Scope section. As we perform our audit, we will update our risk assessment and will inform the Audit Committee and Administration of any significant changes to our risk assessment and any additional risks that are identified.

Consideration of the risk of fraud

Fraudulent acts include the deliberate failure to record transactions, the forgery of records and documents, and intentional misrepresentations made to our audit engagement team. Fraud may include intentional acts by Administration or employees acting on behalf of The City, as well as employee fraud if Administration or employees are involved in actions that defraud The City. Deloitte does not assume that Administration is dishonest nor do we assume unquestioned honesty. Rather, in accordance with Canadian GAAS, we exercise professional scepticism and recognize that the conditions we observe and evidential matter we obtain, including that obtained from prior audit engagements, need to be objectively evaluated to determine whether the Financial Statements are presented fairly in all material respects.

Benefits of pinpointing risk

Professional standards and our policies require an audit response for each significant account and relevant assertion. Performing our risk identification at this level helps us pinpoint risk and develop a well-tailored, integrated response for both significant and normal risk areas.

Client service

Helps us identify opportunities to refine our assessment of risks and controls.

Enables value-added feedback on industry insights, business issues, and risks that could have an impact on your business.

Quality

Focuses our use of the right specialists to address audit areas of specific risk.

Drives an approach that covers both controls and substantive responses.

Facilitates the identification of more effective methods of auditing.

Efficiency

Creates a targeted response for significant risk areas and normal risk areas, aligning audit effort with the risk.

Facilitates the identification of more efficient methods of auditing, including opportunities to integrate testing procedures.

Maintaining an attitude of professional scepticism means that we carefully consider the reasonableness of the responses we receive to our inquiries from those charged with governance, and evaluate other information obtained from them in light of the evidence we obtain during the audit. When we identify a misstatement or control deficiency, we consider whether it may be indicative of fraud and what the implications of fraud and significant error are in relation to other aspects of the audit, particularly the reliability of Administration representations.

Because of the inherent limitations of internal control for financial reporting, including the possibility of collusion or improper Administration override of controls, it is possible that material misstatements due to error or fraud may not be prevented or detected on a timely basis. Accordingly, the assurance an auditor provides concerning the lack of misstatements arising from fraud is necessarily lower than the assurance provided concerning those arising from an error.

In determining our audit strategy to address the assessed risks of material misstatement due to fraud, we will:

1. Assign and supervise personnel, taking into account the knowledge, skill and ability of individuals with significant engagement responsibilities and our assessment of the risks of material misstatement due to fraud for the engagement;
2. Evaluate whether the selection and application of accounting policies by your organization, particularly those related to subjective measurements and complex transactions, may be indicative of fraudulent financial reporting resulting from Administration's effort to manage earnings; and
3. Incorporate an element of unpredictability in the selection of the nature, timing and extent of our audit procedures.

We will also inquire directly of the Audit Committee and City Auditor regarding their views about the risk of fraud, whether they have any knowledge of any actual or suspected fraud affecting The City and the role they exercise in the oversight of Administration's antifraud programs.

If we suspect fraud involving Administration, we will communicate these suspicions to the Audit Committee and discuss the nature, timing, and extent of audit procedures necessary to complete the audit.

Information technology

An important part of our audit planning process involves gaining an understanding of:

1. the importance of the computer environment relative to the risks to financial reporting;
2. the way in which that environment supports the control procedures we intend to rely on when conducting our audit; and
3. the computer-based information that supports our substantive procedures.

The objective of our review of computer controls is to identify potential areas of risk and assess the relevance, reliability, accuracy and completeness of the data produced by the systems. We also assess the operating effectiveness of the computer environment and determine the reliability of the financial information used to generate the Financial Statements. To accomplish this, we gain an up-to-date understanding of your organization's computer processing environment and our understanding of the relevant general computer controls. We then conduct tests to support our conclusion on the operating effectiveness of controls considered relevant to the audit.

We will assess the design and effectiveness of general computer controls in the following areas:

1. data centre and network operations;
2. system software acquisition, change and maintenance;
3. program change;
4. access security; and
5. application system acquisition, development, and maintenance.

We will complete testing for the PeopleSoft upgrade which occurred during the year. This will include the following procedures:

- review of the governance around implementation;
- review of testing performed by the implementation team; and
- review of data integrity, accuracy and completeness of data transferred from the current modules to the new modules.

3. Developing and executing the audit plan

The performance of an audit includes evaluating the design and determining the implementation of internal controls relevant to the audit, testing the operational effectiveness of the controls we intend to rely on, and performing substantive audit procedures.

Audit procedures

The timing of our audit procedures is dependent upon a number of factors including the need to coordinate with Administration for the provision of supporting analysis and other documentation. Generally, we perform our audit procedures to allow sufficient time to identify significant issues early, thereby allowing more time for analysis and resolution.

For example, we anticipate performing audit procedures on account balances and disclosures involving significant and complex transactions, such as acquisitions, divestitures, or adoption of new accounting pronouncements, as they occur.

Tests of controls

As part of our audit, we will review and evaluate certain aspects of the systems of Internal Control over Financial Reporting to the extent we consider necessary in accordance with Canadian GAAS. The main objective of our review is to enable us to determine the nature, extent and timing of our audit tests and establish the degree of reliance that we can place on selected controls. An audit of the financial statements is not designed to determine whether internal controls were adequate for Administration's purposes or to provide assurance on the design or operational effectiveness of internal control over financial reporting.

The extent to which deficiencies in internal control may be identified through an audit of financial statements is influenced by a variety of factors including our assessment of materiality, our preliminary assessment of the risks of material misstatement, our audit approach, and the nature, timing and extent of the auditing procedures that we conduct. Accordingly, we gain only a limited understanding of controls as a result of the procedures that we conduct during an audit of financial statements.

We will inform the Audit Committee and Administration of any significant deficiencies that are identified in the course of conducting the audit.

Substantive audit procedures

Our substantive audit procedures consist of a tailored combination of analytical procedures and detailed tests of transactions and balances. These procedures take into account the results of our controls testing and are designed to enable us to obtain reasonable assurance that the Financial Statements are free from material misstatements. To obtain this assurance, misstatements that we identify while performing substantive auditing procedures will be considered in relation to the Financial Statements as a whole. Any misstatements that we identify, other than those that are clearly trivial (the threshold has been set at \$2,200,000), will be reported to Administration and the Audit Committee. In accordance with Canadian GAAS, we will request that misstatements be corrected.

Developing our audit plan in coordination with The City Auditor

We recognize that it is important for us to coordinate our activities with The City Auditor and to create a cooperative, mutually supportive and open relationship with them. A key element in our preliminary planning stage will be the review and consideration of the work plan for audits expected to be performed by The City Auditor's office in the present year. This review will be helpful in assisting us to determine our overall preliminary audit approach, and to gain additional insight into current issues and topical matters facing The City. We intend to meet with The City Auditor as part of our audit planning activities and on a regular basis throughout the audit cycle to facilitate an effective and efficient coordination of our activities and sharing of information.

Use of work of experts

We intend to use the valuation reports relating to The City's Pension Plans as prepared by AON Hewitt to support our audit testing of this liability for the year ended December 31, 2013.

4. Reporting and assessing performance

Perform post-engagement activities

We will analyze the results of the audit procedures performed throughout the year and, prior to rendering our report, we will conclude whether:

- the scope of the audit was sufficient to support our opinion; and
- the misstatements identified during the audit do not result in financial statements being materially misstated.

Complete engagement reporting

After the satisfactory completion of appropriate audit procedures, we will provide an audit report on your Financial Statements.

We also provide reports to the Audit Committee to assist it in fulfilling its responsibilities as required by applicable auditing standards. Appendix 3 summarizes the required communications between Deloitte and the Audit Committee.

Deloitte's client service principles include providing Administration and the Audit Committee with insights into the condition of the business and offering meaningful suggestions for improvement. We will report these insights and suggestions to the appropriate members of Administration and/or the Audit Committee for their consideration.

Deloitte enjoys a solid reputation for our **commitment to quality**. Key factors supporting that reputation include:

- a strong tone at the top;
- a comprehensive ethics and compliance program;
- an uncompromising approach to quality in client service;
- communication of and adherence to professional standards and client service principles;
- a mature client feedback program;
- a multifaceted approach to monitoring independence;
- a robust technical consultation approach;
- national office consultation regarding areas of high risk or areas that require significant judgment;
- technical training for our professionals;
- an annual internal inspection process for audit engagements; and
- continuous improvement based on lessons learned and client feedback.

To enable us to determine how well we have achieved our client service objectives, including an assessment of the quality of our audit engagement, we actively solicit feedback from our clients. This feedback will be obtained either through meetings with members of the Audit Committee and Administration or their completion of questionnaires.

Your feedback enhances our understanding of your expectations of us through your evaluation of our performance. The information you provide helps us to refine our client service objectives to ensure that we remain focused, responsive, and proactive in meeting your needs while fulfilling our professional responsibilities.

Appendix 2 – Assurance Engagements

Summary of engagement timing and estimated fees - December 31, 2013 year ends

Entity	Reporting entity relationship	Estimated audit completion	Estimated 2013 audit fee***	2012 audit fee
The City of Calgary consolidated	City of Calgary Audit Committee	April 2014	\$240,000	\$230,800
Calgary Municipal Land Corporation	Calgary Municipal Land Corporation Audit Committee	April 2014	\$35,000	\$34,000
Calgary Parking Authority	Calgary Parking Authority Audit Committee	March 2014	\$79,000**	\$80,000
Calgary Public Library	Calgary Public Library Finance and Audit Committee	March 2014	\$35,000	\$33,800
Calhome Properties Ltd.	Calhome Properties Ltd. Audit Committee	March 2014	\$69,000	\$73,500
Calgary Police Service	Calgary Police Commission	May 2014*	\$44,000	\$44,000
TELUS Convention Centre	TELUS Convention Centre Audit Committee	May 2014*	\$37,000	\$40,000
ENMAX Corporation	ENMAX Audit Committee	March 2014	\$302,100	\$288,340
Elected Officials Pension Plan	Pension Governance Committee	May 2014	\$6,500	\$6,500
Core Benefit Plan	Municipal Employees Benefits Association of Calgary Board of Directors	April 2014	\$11,125	\$11,125
Municipal Employees Benefits Association of Calgary	Municipal Employees Benefits Association of Calgary Board of Directors	April 2014	\$22,700	\$21,200
Supplementary Pension Plan	Pension Governance Committee	May 2014	\$12,300	\$12,300
Family & Community Support Services	City of Calgary Administration	April 2014	\$17,500	\$17,500
Municipal Information Return	City of Calgary Administration	April 2014	\$4,100	\$4,100
Funds Held in Trust	City of Calgary Administration	April 2014	\$1,500	\$1,500

*Fieldwork for these entities will be completed by March 2014.

** Report under International Financial Reporting Standards

*** The fee estimate is consistent with the fee quoted in our external audit proposal

Consolidation

For the purposes of The City's consolidated financial statements, each reporting entity is required to provide their final internal financial statements to Administration prior to completion of the consolidated audit. The timing of our audit procedures is planned for completion prior to the anticipated final auditor's report for The City. Our final auditor's reports are presented to each reporting entity at their respective Audit Committee meetings.

Appendix 3 – Communication requirements

The table below summarizes our communications plan. The communication requirements include all communications required by Canadian GAAS and other communications that we anticipate would facilitate the achievement of an effective audit.

Required communication	Timing of communication	
	Each period the event occurs	Annually
1. Our responsibilities under Canadian GAAS		●
2. Matters related to going concern	●	
3. Our audit strategy and scope		●
4. Administration judgments and accounting estimates		●
5. Financial statement adjustments		●
6. Audit adjustments		●
7. Uncorrected misstatements and disclosure items		●
8. Significant accounting policies	●	●
9. Critical accounting policies and practices		●
10. Alternative treatments for accounting policies and practices that have been discussed with Administration during the current audit period		●
11. Our views about significant qualitative aspects of The City's accounting practices, including accounting policies, accounting estimates and financial statement disclosures		●
12. Our responsibility for other information in documents containing audited Financial Statements, any procedures performed and the results		●
13. Disagreements with Administration	●	●
14. Our views about significant matters that were the subject of consultation with other accountants	●	
15. Major issues discussed with Administration prior to our retention	●	
16. Significant difficulties, if any, encountered dealing with Administration related to the performance of the audit		●
17. Significant deficiencies in internal control, if any, identified by us during the interim period in the conduct of the audit of the financial statements		●

Required communication	Timing of communication	
	Each period the event occurs	Annually
18. Material written communications between Administration and Deloitte		●
19. All relationships between The City and us that, in our professional judgment, may reasonably be thought to bear on independence		●
20. A statement that, in our judgment, the engagement team and others in our firm and, when applicable, network firms have complied with relevant ethical requirements regarding independence		●
21. Illegal or possibly illegal acts	●	
22. Fraud or possible fraud identified through the audit process	●	
23. Significant transactions inconsistent with ordinary business, including related party transactions	●	
24. Non-compliance with laws and regulations that come to our attention	●	
25. Communication in writing to City Council regarding any areas we became aware of where the oversight of The City's external financial reporting and internal control over financial reporting by The City's Audit Committee may be ineffective	●	
26. Limitations placed on our scope		●
27. Written representations we are requesting		●
28. Modifications to our opinion(s)		●

Summary of planned communications by meeting

Audit Committee meeting	Planned communications
December 12, 2013	<ul style="list-style-type: none"> • 2013 audit plan and fees • Other services pre-approval • Other required interim communications as necessary
January 2014	<ul style="list-style-type: none"> • Update on 2012 year end audit management letter
April 2014	<ul style="list-style-type: none"> • Results of the 2013 audit • Written confirmation of independence • Other required annual communications as necessary
June 2014	<ul style="list-style-type: none"> • Communication of 2013 year end audit management letter

Appendix 4– Deloitte resources a click away

At Deloitte we are devoted to excellence in the provision of professional services and advice and to focusing on client service. To this end, we have developed numerous resources, which contain relevant and timely information accessible by our clients. Provided below is an overview of these resources, which are available through the Deloitte Portal.

Canadian resources	Audience	Description and frequency
Centre for Corporate Governance www.corpgov.deloitte.ca	<ul style="list-style-type: none"> • Audit Committee members • Board members • CEO/CFO • Internal auditors • Legal counsel 	<ul style="list-style-type: none"> • Web site specifically designed to help board members with their responsibilities.
DeloitteLINK www.deloitte.com/ca/DeloitteLINK	<ul style="list-style-type: none"> • CFO • V-P Finance • Controller • Financial reporting team 	<ul style="list-style-type: none"> • Weekly e-newsletter that helps the finance team to stay on top of standard-setting initiatives.
Deloitte Update www.deloitte.com/ca/update	<ul style="list-style-type: none"> • CFO • V-P Finance • Controller • Financial reporting team 	<ul style="list-style-type: none"> • Learning webcasts offered throughout the year featuring Deloitte professionals discussing critical issues that affect your business.
Directors' Series www.deloitte.com/ca/DirectorsSeries	<ul style="list-style-type: none"> • Audit Committee members • Board members • CEO/CFO • Internal auditors • Legal counsel 	<ul style="list-style-type: none"> • A program that enables Canadian corporate directors to keep up with their learning requirements in a time of frequent change and new demands. • Directors are provided with ready-to-use information and tools to help them discharge their responsibilities.
On the Agenda	<ul style="list-style-type: none"> • Audit Committee members • CEO/CFO • Internal auditors • Legal counsel 	<ul style="list-style-type: none"> • Bi-monthly e-newsletter for directors that focuses on recent developments affecting their responsibilities, including the points of view of Deloitte professionals.
Standard-Setting Activities Digest www.deloitte.com/ca/standards	<ul style="list-style-type: none"> • CFO • V-P Finance • Controller • Financial reporting team 	<ul style="list-style-type: none"> • Monthly online updates on recent developments in standard-setting from a comprehensive list of standard-setting organizations.
PSAS resources	Audience	Description and frequency
www.DeloittePSAS.ca	<ul style="list-style-type: none"> • Audit committee members • Board members • CEO/CFO • Internal auditors • Legal counsel 	<ul style="list-style-type: none"> • Deloitte web site with information devoted to PSAS.

IAS Plus web site www.iasplus.com	<ul style="list-style-type: none"> • CFO • Controller • Financial reporting team • Other accounting professionals 	<ul style="list-style-type: none"> • Web site designed by Deloitte Touche Tohmatsu Limited that provides comprehensive information about international financial reporting.
PSAS in Focus	<ul style="list-style-type: none"> • CFO • Controller • Financial reporting team • Other accounting professionals 	<ul style="list-style-type: none"> • E-newsletter that reviews the activities of the IASB, the IFRIC and the IASC Foundation Trustees, including summaries of recent standards and interpretations and proposals.
Private enterprise resources		
Privately Speaking	<ul style="list-style-type: none"> • CFO • Controller • Financial reporting team • Other accounting professionals 	<ul style="list-style-type: none"> • Important news and relevant commentary for owners and managers of privately owned companies.
Not-for-profit organization resources		
A state of change	<ul style="list-style-type: none"> • CFO • Controller • Financial reporting team • Other accounting professionals 	<ul style="list-style-type: none"> • Bi-monthly newsletter that helps readers understand the impact of changes in accounting standards, rules and regulations on their organizations.
Government resources		
Public Sector Financial Administration Series	<ul style="list-style-type: none"> • CFO • Controller • Financial reporting team • Other accounting professionals 	<ul style="list-style-type: none"> • Seminar series to share thoughts and experiences that you and your finance team can use to navigate the current financial environment.
U.S. resources		
Accounting Roundup www.deloitte.com/us/accountingroundup	<ul style="list-style-type: none"> • CFO • V-P Finance • Controller • Financial reporting team 	<ul style="list-style-type: none"> • Monthly newsletter that focuses on the activities of the accounting standard-setters and regulators, including the FASB, EITF, IASB, and SEC.
Audit Committee Brief www.deloitte.com/us/acbrief	<ul style="list-style-type: none"> • Audit committee members • CEO • CFO 	<ul style="list-style-type: none"> • Quarterly e-newsletter of key U.S. regulatory, technical and professional developments in corporate governance and accounting.
Technical Library (DART) <i>Note: Subscribing to this service requires Audit Committee's preapproval</i>	<ul style="list-style-type: none"> • CFO • V-P Finance • Controller • Financial reporting team 	<ul style="list-style-type: none"> • Comprehensive online library of accounting and financial disclosure literature. Subscription-based service.
Heads Up www.deloitte.com/us/headsup	<ul style="list-style-type: none"> • CFO • V-P Finance • Controller • Financial reporting team 	<ul style="list-style-type: none"> • Periodic newsletter that discusses the latest accounting and regulatory developments.
EITF Snapshot www.deloitte.com/us/eitfsnapshot	<ul style="list-style-type: none"> • CFO • V-P Finance • Controller • Financial reporting team 	<ul style="list-style-type: none"> • Quarterly newsletter highlighting key points from Emerging Issues Task Force discussions.

Appendix 5– Standard-setting update

Public sector accounting standards

Final Standards	Effective Date
<p>Amendments to the Transition Provisions of Section PS 2601, Foreign Currency Translation, and Section PS 3450, Financial Instruments</p> <p>At its meeting on March 21-23, 2012, the PSAB approved amendments to the transition provisions of Section PS 2601, <i>Foreign Currency Translation</i>, and Section PS 3450, <i>Financial Instruments</i>. In addition to approving the proposed amendments of the ED, which were supported by commentators, an additional amendment was made by the PSAB to clarify that the measurement provisions of the new Sections are to be applied prospectively.</p> <p>On October 3, 2012, the PSAB issued a Basis of Conclusions document with respect to these amendments.</p>	<p>Fiscal years beginning on or after April 1, 2012 for government organizations, and April 1, 2015 for governments</p>
<p>Consequential Amendments Resulting from the Issue of Section PS 3450, Financial Instruments, including a new Section PS 3041, Portfolio Investments</p> <p>At its meeting on December 15-16, 2011, the PSAB approved these amendments to the PSA Handbook, including a new Section PS 3041, <i>Portfolio Investments</i>, and the withdrawal of Section PS 3030, <i>Temporary Investments</i>, and Section PS 3040, <i>Portfolio Investments</i>. In response to respondents' feedback, some clarifications to the amendments were made in finalizing the changes.</p> <p>On April 3, 2012, the PSAB issued a Background Information and Basis for Conclusions document in respect of the new Section PS 3041.</p>	<p>Fiscal years beginning on or after April 1, 2012 for government organizations, and April 1, 2015 for governments</p>
<p>Financial Instruments: Income on Externally Restricted Assets</p> <p>At its meeting on December 13-14, 2012, the PSAB approved these amendments to Section PS 3450, <i>Financial Instruments</i>. In doing so, PSAB revised certain wording in the ED, but did not consider it necessary to re-expose the revisions as they did not represent significant changes.</p> <p>The amendments align the reporting of income on externally restricted assets that are financial instruments in Section PS 3450 with the requirements in Section PS 3100, <i>Restricted Assets and Revenues</i>, and address transitional issues that can arise when Section PS 3450 is adopted. Responses to the ED supported the proposed changes.</p>	<p>Fiscal years beginning on or after March 1, 2013. Earlier adoption is permitted as of the beginning of the fiscal year in which this Section is first applied</p>
<p>Section PS 1201, Financial Statement Presentation</p> <p>This new Section PS 1201 replaces existing Section PS 1200, <i>Financial Statement Presentation</i>, and includes a new statement of remeasurement gains and losses. The new statement will report: (i) unrealized gains and losses associated with financial instruments in the fair value category; (ii) exchange gains and losses associated with monetary assets and monetary liabilities denominated in a foreign currency that have not been settled; (iii) amounts reclassified to the statement of operations upon derecognition or settlement; and (iv) other comprehensive income reported when a public sector entity includes the results of its government business enterprises and government business partnerships in the summary financial statements.</p>	<p>Fiscal years beginning on or after April 1, 2012 for government organizations, and April 1, 2015 for governments</p>

Public sector accounting standards

Final Standards	Effective Date
<p>Section PS 2601, Foreign Currency Translation</p> <p>This new Section PS 2601 replaces existing Section PS 2600, Foreign Currency Translation. Major changes from Section PS 2600 include: (i) elimination of deferral and amortization of unrealized gains and losses arising from foreign currency translation before settlement; (ii) withdrawal of hedge accounting as it is unnecessary under the new treatment of unrealized gains and losses; and (iii) separating realized and unrealized foreign exchange gains and losses and reporting them in different statements.</p> <p>At its meeting on June 12-13, 2013, the PSAB approved amendments to the transitional provisions in this Section and agreed that exposure of the changes is not required given the change is simply clarification of an implementation intent.</p>	<p>Fiscal years beginning on or after April 1, 2012 for government organizations, and April 1, 2015 for governments</p>
<p>Section PS 3260, Liability for Contaminated Sites</p> <p>This new Section PS 3260 establishes recognition, measurement and disclosure standards for liabilities relating to contaminated sites of governments and those organizations applying the PSA Handbook.</p>	<p>Fiscal years beginning on or after April 1, 2014</p>
<p>Section PS 3410 (Revised), Government Transfers</p> <p>In December 2010, the PSAB approved a final standard to replace existing Section PS 3410, which establishes standards on how governments should account for and report government transfers to individuals, organizations and other governments from both a transferring government and a recipient government perspective.</p>	<p>Fiscal years beginning on or after April 1, 2012</p>
<p>Section PS 3450, Financial Instruments</p> <p>This new accounting standard Section PS 3450 provides comprehensive guidance on the recognition, measurement, presentation and disclosure of financial instruments, including derivatives.</p> <p>At its meeting on June 12-13, 2013, the PSAB approved amendments to the transitional provisions in this Section and agreed that exposure of the changes is not required given the change is simply clarification of an implementation intent.</p>	<p>Fiscal years beginning on or after April 1, 2012 for government organizations, and April 1, 2015 for governments</p>
<p>Section PS 3510, Tax Revenue</p> <p>This new Section PS 3510 establishes recognition, measurement, presentation and disclosure standards relating to tax revenue reported in financial statements.</p>	<p>Fiscal years beginning on or after April 1, 2012</p>

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